

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-54728; File No. SR-NASD-2006-114)

November 8, 2006

Self-Regulatory Organizations; National Association of Securities Dealers, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Adopt an Automated Process for Opening Quotations of ITS/CAES Market Makers

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder,² notice is hereby given that on September 29, 2006, the National Association of Securities Dealers, Inc. (“NASD”), through its subsidiary, The Nasdaq Stock Market, Inc. (“Nasdaq”), filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I and II below, which Items have been prepared by Nasdaq. Nasdaq filed the proposal pursuant to Section 19(b)(3)(A) of the Act³ and Rule 19b-4(f)(6) thereunder,⁴ which renders the proposal effective upon filing with the Commission. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

Nasdaq proposes to establish an automatic process for opening quotes in non-Nasdaq securities through the ITS/CAES System. Nasdaq implemented the proposed rule change on October 9, 2006.⁵ The text of the proposed rule change is available on the Nasdaq’s Web site at

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A).

⁴ 17 CFR 240.19b-4(f)(6).

⁵ Telephone conversation between John Yetter, Senior Associate General Counsel, Nasdaq, and Natasha Cowen, Special Counsel, Division of Market Regulation, Commission, on November 7, 2006.

